



**BORNO STATE GOVERNMENT
NIGERIA**

2020
**BORNO STATE DEBT SUSTAINABILITY ANALYSIS
REPORT**

NOVEMBER, 2020

Chapter 1: Introduction

Borno State debt sustainability analysis (DSA) for the period 2015 to 2019 shows a trend of increased public recurrent and capital expenditure and a positive drive to achieve increased internally generated revenue and also appraise debt sustainability in for the periods 2020 to 2029. The analysis portrays immediate past trends in revenue, expenditure, and public debt, and the related policies adopted by the Borno State. A debt sustainability assessment was conducted to reasonably forecast future trends in Borno State's public finances.

The DSA forecast for revenue were based on the harmonized revenue law accented to by His Excellency which provided for capital gains tax, stamp duty and other property tax to expand the tax base to maximally increase the state internally generated revenue that are considered achievable. Also, the state forecasts increased recurrent and capital expenditures with expected growth in the National economy with cascading effects in the State's economy leading to increased staff employment in the public sector.

Borno State exhibits a solid debt position, and is confident that the State debt is sustainable taking into cognizance of the new fiscal policies stated above. The State plans to strictly control its recurrent and capital expenditure and also maintain a low public debt with a vigorous drive to clear outstanding arrears.

CHAPTER 2: THE STATE FISCAL AND DEBT FRAMEWORK

Borno State has been active in involving the general public through active participation of citizens in budget preparation. The policy direction of this administration was to ensure effective and efficient delivery of the 10-pact development agenda which includes the Reconstruction and Rehabilitation of Basic Infrastructure and Social Services in terms of Road Networks, Housing and Electricity, Water and Sanitation, Security, Education and Health Facilities. The Government has put in place a harmonized revenue law in order to expand the tax net and boost internally generated revenue. The increase in IGR is expected to positively impact on the debt status of the State, other innovations in place include Borno State Contributory Health Care Management Agency. The State anticipates an increase in recurrent expenditure as a direct result of the National Minimum wage.

The Global economic meltdown as a direct result of the Covid-19 pandemic, prices of goods and services in Borno State rose even higher than other parts of the Country because of the peculiar circumstances of the State as a territorial State with three international borders and the unfortunate activities of the insurgents, which further restricted movement across the State. The Fiscal Policy strategy of Borno state 2021 budget is to boost IGR by expanding the tax base and also explore untapped areas such as capital gains tax and stamp duty and property taxes. The State plans to augment the State budget through sales of Government Property, borrowings from commercial banks and external loans.

CHAPTER 3: THE STATE REVENUE, EXPENDITURE, AND PUBLIC DEBT TRENDS (2015 - 2019)

This section should include two subsections: (a) Revenue and Expenditure and (b) Existing Public Debt Portfolio. In these subsections, the State should describe the actual revenue and expenditure outturns in 2015-2019, and the outstanding debt stock trend during 2015 - 2019. Particular emphasis should be put on 2019 figures.

3.1 Revenue and Expenditure

- i. **Aggregate State TOTAL Revenue¹ trend in the last five years and its composition in 2019.**

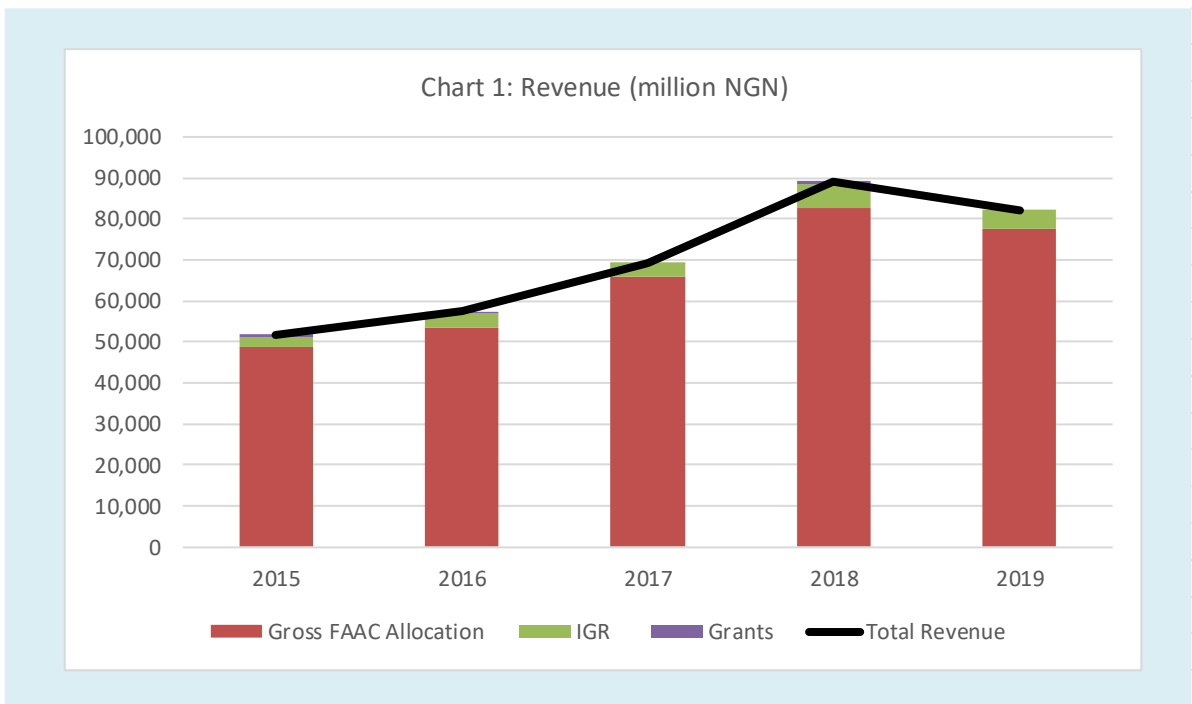
There was a general decline in federation transfers to the states in Nigeria, as a result of shock to crude oil prices. However Gross statutory allocation to the state in absolute terms, including other transfers to Borno State, has been on the rise from 2015 to 2018, but dropped by about 9% in 2019. (*Chart 1*).

- ii. **FAAC Allocations trend in the last five years. (*Chart 1*).**

However, the Gross statutory allocation to the state in absolute terms, including other transfers to Borno State, has been on the rise from 2015 to 2018, but dropped by about 9% in 2019.

- iii. **IGR trend in the last five years.**

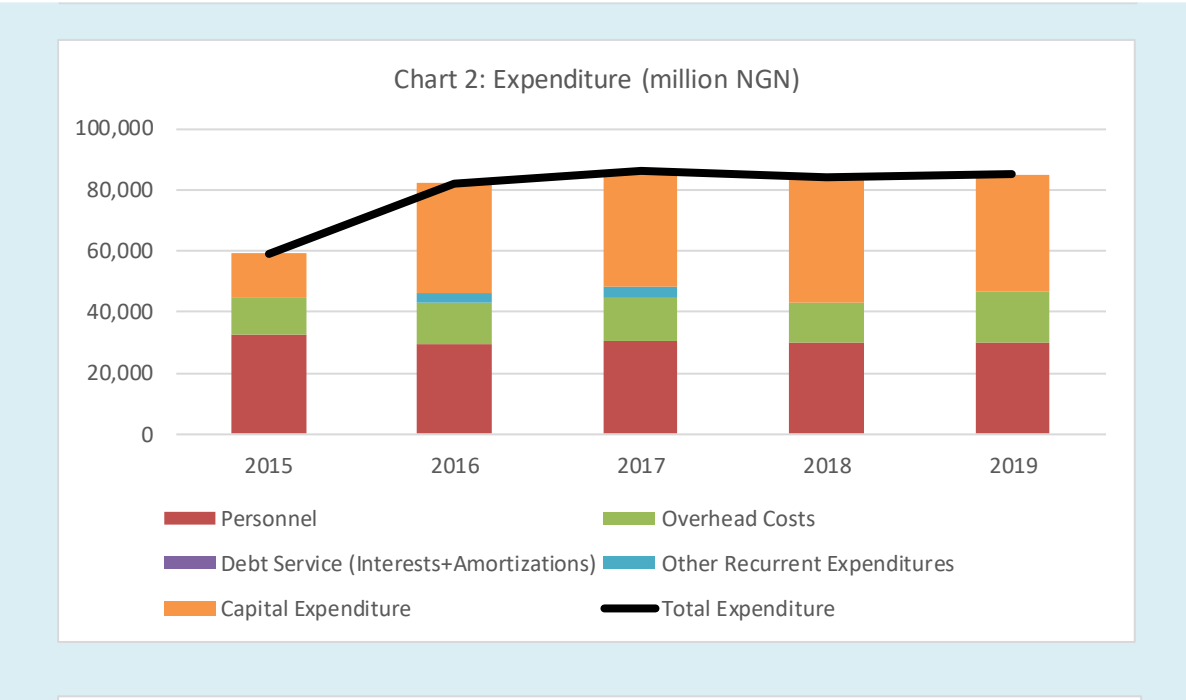
Borno State IGR shows steady growth during the period under review. IGR grew by 99.6 percent between 2015 and 2019. The improvement in IGR is mainly as a result of tax administration reforms aimed at improving collection efficiency and broadening the tax revenue base. (*Chart 1*).



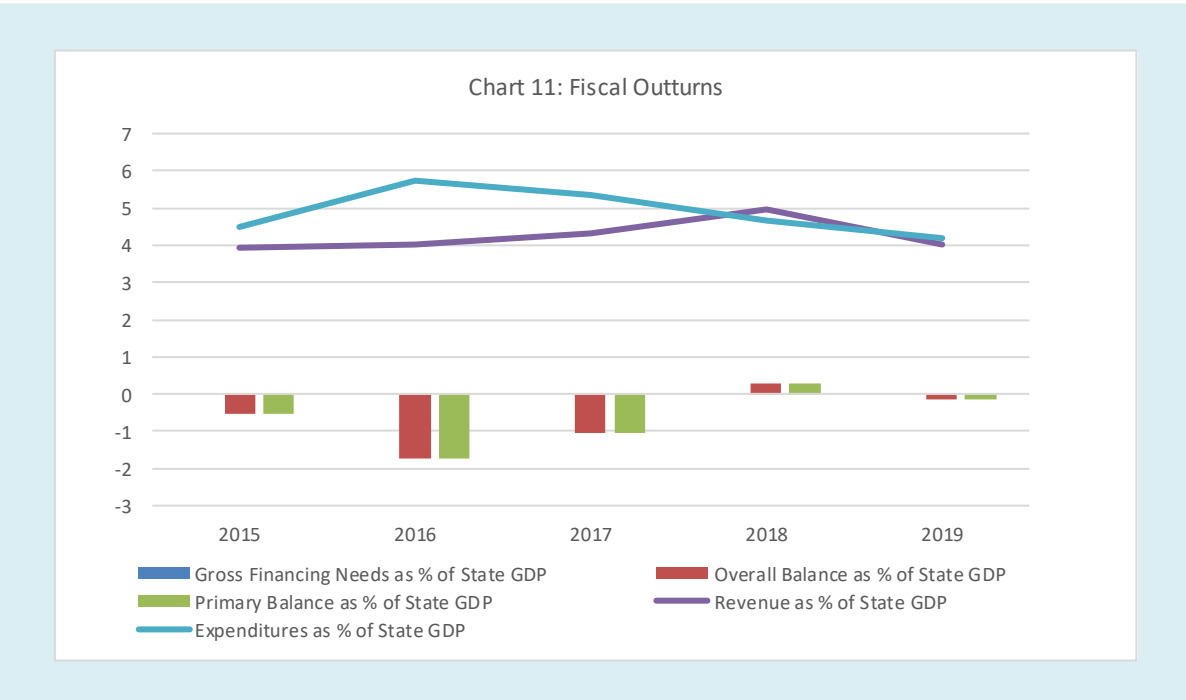
iv. **Aggregate (total) Expenditure² trend in the last five years and its composition in 2019.**

Borno State expenditure remained stable during the period. Between 2015 - 2019, real aggregate expenditure grew by 44 percent. While Capital spending showed positive growth of 166 percent over the analyzed period, recurrent expenditure growth was 5 percent. During the period, the bulk of expenditure went to recurrent spending - personnel costs, overheads, debt charges - representing 65.4 percent of total spending on average. (Chart 2).

v. **Main expenditure variations in the last five years by economic classification.** In Borno state capital expenditure shows a significant variation, this is largely due to aggressive reconstruction and rehabilitation of basic infrastructures and social services rendered in the state arising from destruction of these facilities by Boko haram. The variations in personnel cost and overhead costs were only slight. (Chart 2).



vi. Overall and primary balance trend in the last five years. Borno State has no GDP record. (*Chart 11*).



3.2 Existing Public Debt Portfolio

Public Debt has been defined as “The public debt includes the explicit financial commitments - like loans and securities - that have paper contracts instrumenting the government promises to repay. The State shall use this standard definition of public debt, which considers non-contingent debt and thus the obligation to repay them is independent of the

circumstances, as well as excludes contingent liabilities (i.e. guarantees, state own enterprises non-guaranteed liabilities).”

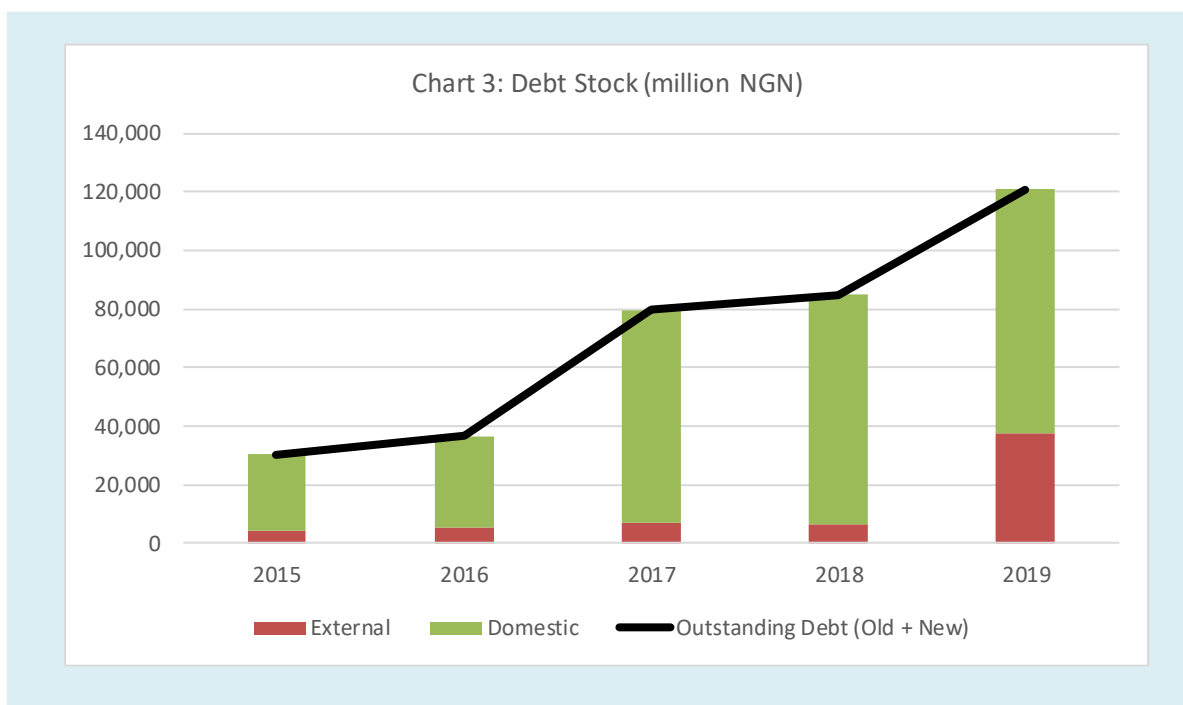
i. Public debt stock amount or its shares on total Revenue at end-2019 and its growth in the last five years.

Borno State public debt amounted to N\$120 billion as of end-2019 and has been increasing rapidly since the collapse of oil prices.

Borno State total Revenue is about 67% of its total public debt as at the end of 2019.

Public debt in Borno has been increasing at an average rate of 27% each year from 2015 to 2019.

Borno State between the periods 2015 and 2019 also received bailout funds from the Federal government and also Budget support Loans. (**Chart 3**).



ii. The existing public debt portfolio composition at end-2019.

Borno State debt portfolio consist of 68.92% as domestic debt and 31.07% as external debt. The main components of the domestic debt are Bail out loans, Budget Support Facility, Excess Crude Account Backed Loan, Contractor’s Arrears and Pensions & Gratuity arrears. While the components of External Debt include World Bank (WB) (including International Development Association (IDA) and IBRD) and African Development Bank (AfDB) [including African Development Fund (AfDFP) and Africa Growing Together FUND]

iii. Cost and risks exposure of the existing public debt portfolio at end-2019.

Borno State holds a low-cost, low-risk debt portfolio. The average debt portfolio showed, an implicit interest rate of 9 percent in 2018-2019 and the interest payments represented just 3 percent of total expenditure.

Furthermore, the debt portfolio is narrowly exposed to currency, interest rate, and rollover risks. Exposure to currency fluctuations is limited because the foreign currency-denominated liabilities are only 30 percent of the total stock. Most internal loans and all external loans are fixed-rate obligations, thus not affected by changes in interest rates. As these loans have maturities running from 10 to 40 years and include financing from the Federal Government and multilateral organizations, rollover risk associated with potential deterioration of domestic financial conditions is negligible.

CHAPTER 4: DEBT SUSTAINABILITY ANALYSIS

- i. *“The concept of debt sustainability refers to the ability of the government to honor its future financial obligations. Since policies and institutions governing spending and taxation largely determine such obligations, debt sustainability ultimately refers to the ability of the government to maintain sound fiscal policies over time without having to introduce major budgetary or debt adjustments in the future. Conversely, fiscal policies are deemed unsustainable when they lead to excessive accumulation of public debt, which could eventually cause the government to take action to address the unwanted consequences of a heavy debt burden”.*
- ii. Borno State Debt burden indicators shows that the Debt as percent of GDP stood at 5.94 percent in 2019 as against the State Debt threshold of 25 percent. Debt as % of Revenue stood at 147.11 percent in 2019, Debt service as % of Revenue remained at 14.50 percent the within the threshold of 40 percent. Personnel Cost as at end December 2019 was 36.62 percent compared to threshold of 60 percent. The details of the debt burden indicators are as shown in the table below.

Indicators	Thresholds	Ratio
Debt as % of GDP	25%	5.94
Debt as % of Revenue	200%	147.11
Debt Service as % of Revenue	40%	14.50
Personnel Cost as % of Revenue	60%	36.62
Debt Service as % of FAAC Allocation	Nil	15.39
Interest Payment as % of Revenue	Nil	3.01
External Debt Service as % of Revenue	Nil	0.08

1.1 Medium-Term Budget Forecast

Borno State’s medium-term debt sustainability is hinged upon a gradual recovery of the Nigerian economy that will increase FAAC statutory allocation to States.

According to the Federal Government and State’s own forecasts, the period 2021-2023 has been reasonably forecasted to result in recovery and growth in the Nigerian economy

The anticipated mild recovery will be supported by higher oil prices in global markets, increase in domestic production, prudent fiscal policy, and the stabilization of the exchange rate relevant for international public-sector financial transactions at

its current level. Oil and gas revenue, as well as shared resources such as custom duties and VAT, would then increase relative to the depressed levels observed in 2020, thus improving the State's revenue position.

Borno State Government Summary of 2021-2023 Medium Term Budget

		2021 Budget	2022 Budget	2023 Budget	2020 Revised Budget
A.	Internally Generated Revenue (IGR)				
	Internal Revenue Service	8,735	8,500	10,000	9,903
	Ministries/Departments/Agencies	3,282	3,574	3,933	7,713
	Boards and Parastatals	4,586	5,112	5,866	790
	Total Internally Generated Revenue	16,603	17,186	19,799	18,407
B.	Federation Account Allocation Revenue	-	-	-	-
	FAAC Allocation	46,154	51,040	54,294	31,856
	Value Added Tax (VAT)	16,110	16,995	18,781	12,220
	Special Fund (EXCESS CRUDE)	4,520	4,520	4,520	3,364
	Total Federation Account Allocation Revenue	66,785	72,555	77,594	47,440
	Current Domestic Aid/Grant	0	0	0	0
	Grants from Local Governments	8,971	10,430	11,830	0
	FGN Grant - Federal Share of Pension	167	175	184	0
	Total Current Domestic Aid/Grant	9,138	10,605	12,014	-
	Total Recurrent Revenue (including Current Grants)	92,526	100,346	109,407	65,846
C.	Estimated Recurrent Expenditure	0	0	0	0
	Personnel Costs (Ministries/Departments)	33,766	33,448	33,661	29,003
	Overhead Cost (Ministries/Departments)	23,424	22,260	23,216	19,233
	Consolidated Revenue Fund Charges	151	151	151	151
	Gratuity	5,790	5,000	5,000	6,210
	Debt Service Expenditure	6,000	7,000	7,300	1,427
	Total Recurrent Expenditure	69,131	67,859	69,328	56,023
D.	Recurrent Surplus	23,395	32,487	40,080	9,823
E.	Capital Receipts	0	0	0	0
	Opening Balance	10,984	4,496	2,463	2,500
	Recurrent Surplus (Transfer from CRF)	23,395	32,487	40,080	9,823
	Internal Grants & Aid	33,726	31,298	29,798	12,706
	External Grants & Aid	48,430	45,137	38,287	7,400
	Internal Loans - FGN Reconstruction Loan	15,000	0	0	0
	Internal Loans - Access Bank & Others	24,945	12,500	13,000	9,500
	External Loans	13,584	4,750	5,000	1,500
	Other Capital Receipts	9,197	2,988	5,700	500
	Covid-19 Response Grants - Internal	0	0	0	8,910
	(Financing Gap)/Surplus	-0	0	0	0
	Total Capital Receipts (including Recurrent Surplus)	179,261	133,655	134,327	52,839
F.	Capital Expenditure	0	0	0	0
	Administration Sector	7,864	7,655	8,181	3,649
	Economic Sector	97,504	69,277	66,798	29,801
	Law & Justice	721	669	579	261
	Social Sector	73,173	56,054	58,770	19,128
	Total Capital Expenditure	179,261	133,655	134,327	52,839
G.	BUDGET SIZE	248,393	201,514	203,654	108,862
	Capital to Recurrent Ratio	72.17	66.33	65.96	48.54

i. *State's revenue and expenditure policies going forward under the baseline scenario:*

Borno State in its effort to mobilize IGR to fund government expenditure have signed Borno State tax Administration and Harmonization Law 2020. This is

expected to strengthen the tax administration capacity and better efficiency in tax collection and accounting.

Borno State has put in place a policy to engage more specialized workforce in its drive to actualize the 25 year development plan for efficient Health care delivery and Education for all.

Table Assumptions of the State DSA Template in Annex I.

4.2 Borrowing options

Borno State intends to finance its activities between 2020 to 2029 through borrowings from commercial Banks and also through external loans from the World Bank (WB) (including International Development Association (IDA) and IBRD) and African Development Bank (AfDB) [including African Development Fund (AfDFP) and Africa Growing Together FUND].

Borrowing Terms for New Domestic Debt (issued/contracted from 2020 onwards) shall be at 9% and 12% interest rates for maturity periods of 5 and 7 years respectively.

Borrowing Terms for New External Debt (issued/contracted from 2020 onwards) is 1.15% to 2.47% with 20 -30 years maturity period.

4.3 DSA Simulation Results

i. Revenue, expenditure, overall and primary balance over the long-term.

In the Baseline Scenario, Borno State preserves debt sustainability. Total revenue (including grants and excluding other capital receipts) is projected to increase from N 82 billion in 2019 to N 111 billion by 2029 (Chart 16). Total expenditure will expand from N 85 billion in 2019 to N 124 billion by 2029 (Chart 17). Therefore, the fiscal deficit—computed as the difference between revenue and expenditure—is expected to remain within a range of N.45 billion to N4.7 billion in nominal terms, compared to the 2019 deficit of N 1.7billion.

Chart 16: Baseline Scenario Revenues (N\$ million)

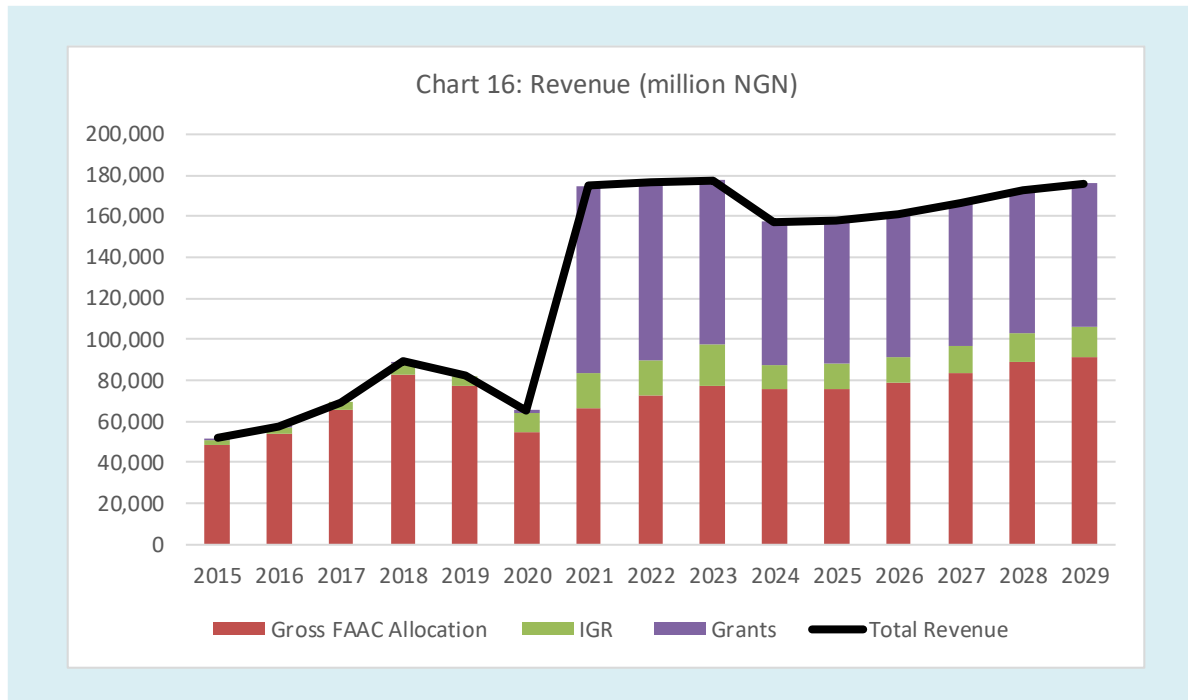
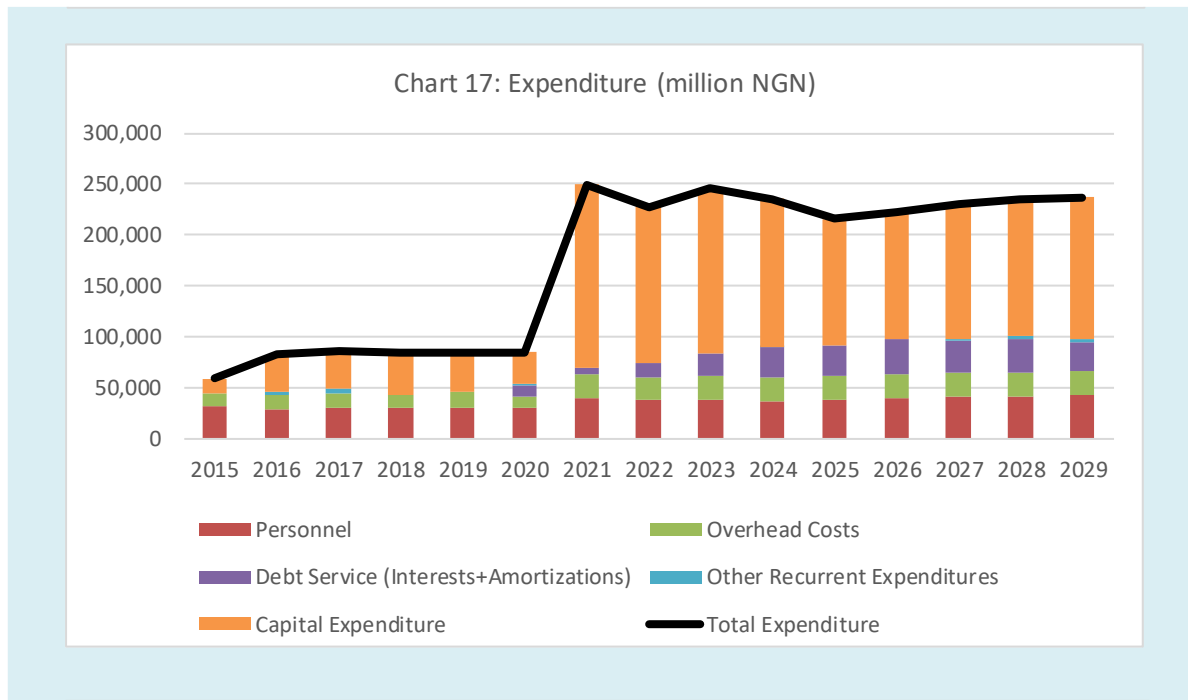
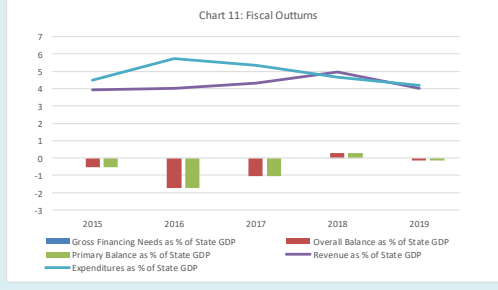
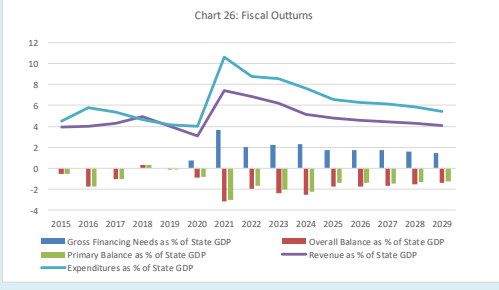
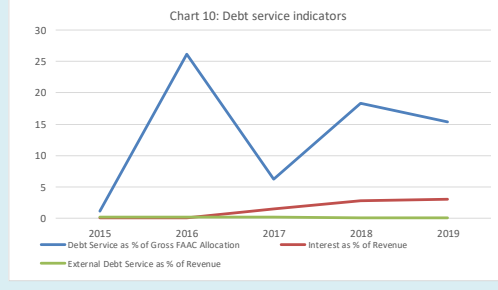
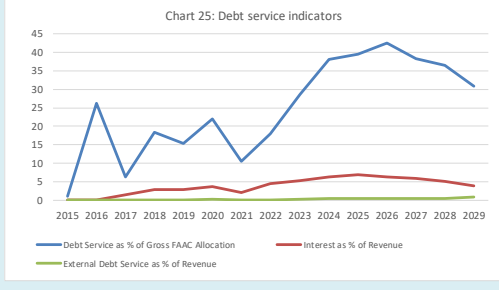
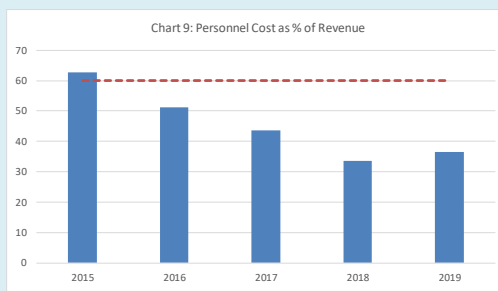
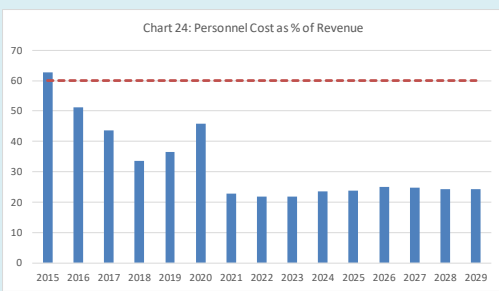
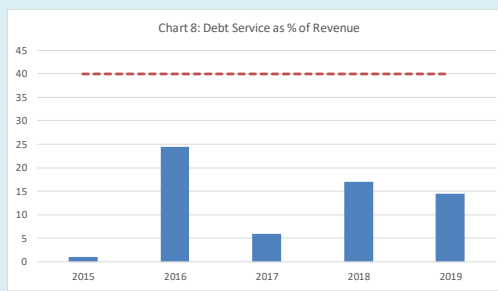
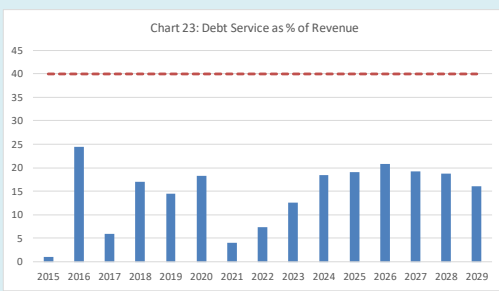
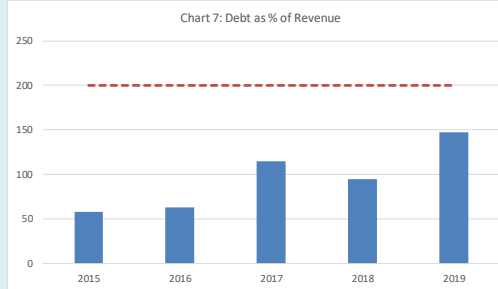
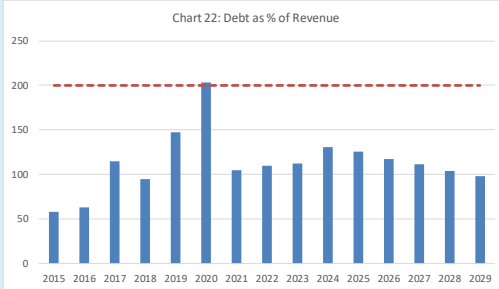
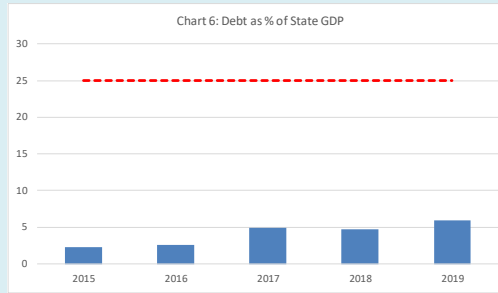
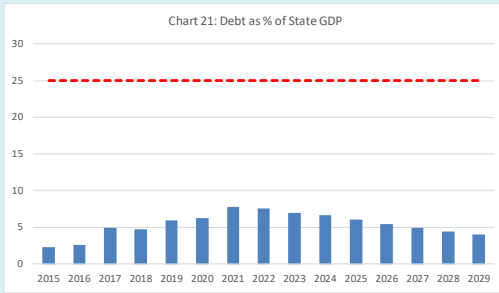


Chart 17: Baseline Scenario Expenditures (N\$ million)



ii. **Main finding and conclusion of the baseline scenario in terms of debt sustainability**

As a consequence of the modest increase in external borrowings, the public debt will decline and the State's repayment capacity will rise *Pari passu* (Charts 22). Debt is projected to rise from N121 billion as of end-2019 to N128 billion by 2029. However, relative to the State's repayment capacity, the public debt position will improve: it is expected to decrease from 147.10 percent of the Revenue in 2019 to 114 percent by 2029. As the fiscal deficit stabilizes in nominal terms over the next few years, and the public debt ratio improves, the analysis of the Baseline Scenario suggests the State will be able to preserve the sustainability of its debt in the medium-term.



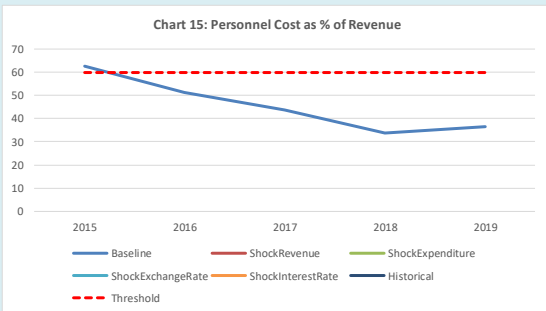
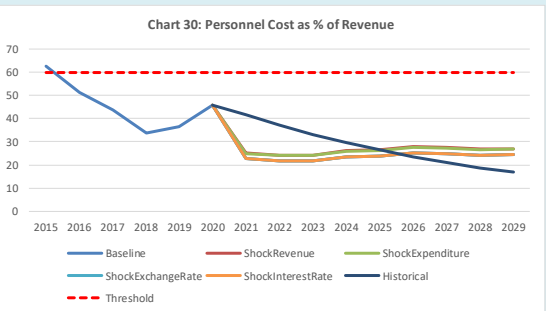
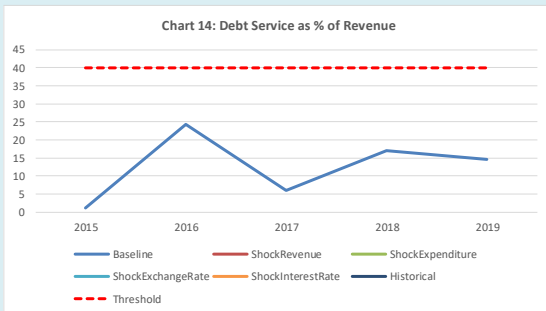
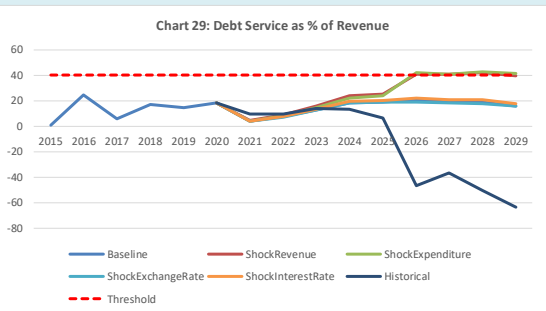
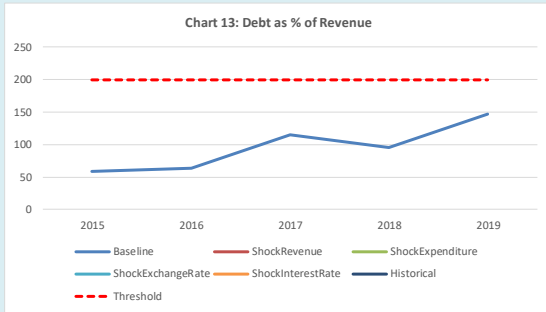
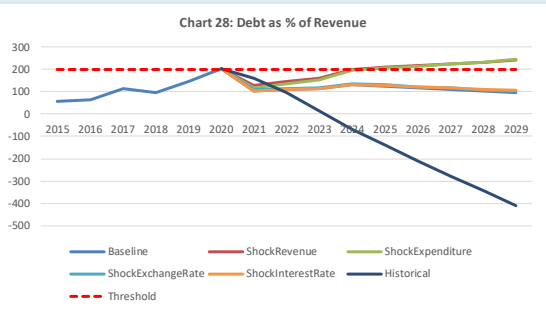
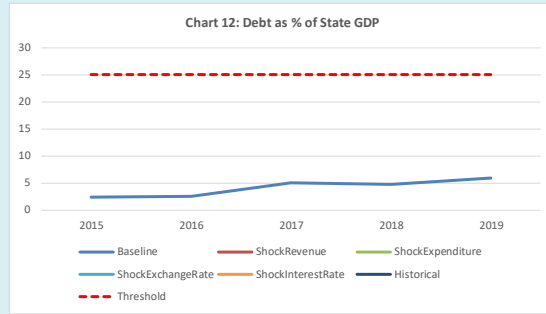
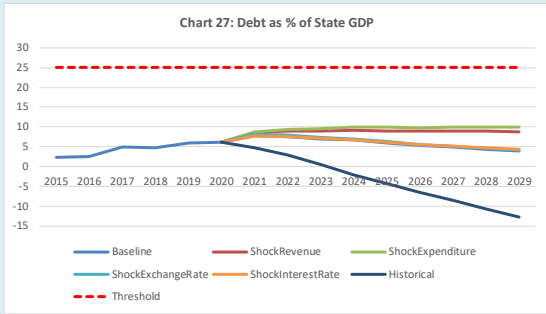
4.4 DSA Sensitivity Analysis

- i. The State's debt sustainability may be mildly impacted if the exchange rate / interest rate shocks materialize, mainly as a consequence of a diminished repayment capacity. The projected fiscal deficits exceed N4.6 billion in 2020, and hence are only slightly higher than the imbalances expected in the Baseline Scenario in the initial year but is expected to ease in subsequent years. Similarly, the public debt ratio will improve—chiefly as a consequence of the improvement in revenue growth —and thus drop to 115 percent of Total Revenue by 2029. This implies a moderate improvement of the State's public debt position and a mild of fiscal vulnerability in the medium-term.
- ii. *Borno State's debt sustainability is expected to largely deteriorate if the revenue Shock as a result of worsening Covid-19 pandemic leads decline in federation allocations to States. Notably, therefore, a major risk for debt sustainability is the reversal of the State's successful revenue mobilization efforts*

Also, if Expenditure Shocks occur as a result of increased security cost and/or as a result of damage to infrastructure by the insurgents.

If Exchange rate Shocks materialize as a result of global economic shutdown may also affect negatively the public debt status.

If interest rates shock occur the ability to service debts maybe hampered significantly, and thus affecting the ratings of the country.



Annex I

Borno State assumptions.

		Projection Methodology	Source
Assumptions:			
Economic activity	State GDP (at current prices)	The State used the S-GDP World Bank Group projections	
Revenue	Revenue <ol style="list-style-type: none"> Gross Statutory Allocation ('gross' means with no deductions) of which Net Statutory Allocation ('net' means of deductions) of which Deductions Derivation (if applicable to the State) Other FAAC transfers (exchange rate gain, augmentation, others) VAT Allocation IGR Capital Receipts <ul style="list-style-type: none"> Grants Sales of Government Assets and Privatization Proceeds Other Non-Debt Creating Capital Receipts 	<p>Gross Statutory Allocation is assumed to follow the same trend as that of the Federal government</p> <p>Not applicable</p> <p>VAT is also dependant on the federal Governments outturn</p> <p>The IGR projections are based on the recently domesticated taxes like Capital Gains tax, Stamp duty and Hotel Occupancy tax which is expected to broaden the tax base and increase revenue greatly. Also in 2020 there is expectation of backduty collections worth N3 billion. There is also increased drive in property tax collections, which is expected to be sustained for at least 7 years.</p> <p>The Grant for FY2020 is expected to increase tremendously because of the expectation for SFTAS grants which will continue to FY 2023. Also there is expectation of Grants from Islamic Development Bank, which is expected from FY2024 to FY 2029.</p>	
Expenditure	Expenditure <ol style="list-style-type: none"> Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other) Overhead costs Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments) Capital Expenditure 	<p>Recurrent expenditure is steadily increasing (through employment of qualified youths to develop human capital) and in tandem with expected increase in revenue, to</p> <p>Capital expenditure is expected to increase steadily with gradual implementation of the States 10 year Strategic Transformation Plan.</p>	
Closing Cash and Bank Balance	Closing Cash and Bank Balance	The closing cash and bank balances are expected to range between 4.5 b to 5.0 billion	
Proceeds from Debt-Creating Borrowing	Planned Borrowings (new bonds, new loans, etc) <p>New Domestic Financing in Million Naira</p> <ul style="list-style-type: none"> Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Inf Loans, and MSMEDF) Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Inf Loans, and MSMEDF) State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing <p>New External Financing in Million US Dollars</p> <ul style="list-style-type: none"> External Financing - Concessional Loans (e.g., World Bank, African Development Bank) External Financing - Bilateral Loans Other External Financing 	<p>The State expects to sign loan agreements with Zenith Bank to offset all outstanding liabilities over a period of 3 years or more.</p> <p>The State expects to secure loans with maturity periods of 6 years and longer to meet some of its deficit.</p> <p>The State expects to access loans from WBG only in years 2020, 2027, 2028 & 2029</p>	
Debt Amortization and Interest Payment	Debt Outstanding at end-2019 <ul style="list-style-type: none"> External Debt - amortization and interest Domestic Debt - amortization and interest <p>New debt issued/contracted from 2020 onwards</p> <p>New External Financing</p> <ul style="list-style-type: none"> External Financing - Concessional Loans (e.g., World Bank, African Development Bank) External Financing - Bilateral Loans Other External Financing <p>New Domestic Financing in Million Naira</p> <ul style="list-style-type: none"> Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Inf Loans, and MSMEDF) Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Inf Loans, and MSMEDF) State Bonds (maturity 1 to 5 years) State Bonds (maturity 6 years or longer) Other Domestic Financing 	<p>Insert the Borrowing Terms for New External Debt: interest rate (%), maturity (# years) and grace period (#)</p> <p>1.15% interest rates, 30 years maturity and 7 years grace period</p> <p>2.47% interest rates, 20 years maturity and 5 years grace period</p> <p>Insert the Borrowing Terms for New Domestic Debt: interest rate (%), maturity (# years) and grace period (#)</p> <p>9% interest rates, 5 years maturity and 1 year grace period</p> <p>12% interest rates, 6 years maturity and 1 year grace period</p>	

Annex II

Insert the two tables included in the Tables sheet which refer to the baseline projections

	Actuals					Projections (Baseline Scenario)									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Economic Indicators															
State GDP (million NGN, at current prices)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exchange Rate NGN/US\$ (end-Period)	196.49	253.19	305.79	306.50	326.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00	379.00
Fiscal Indicators (million NGN)															
Revenue	53,919.86	80,147.01	77,597.50	89,268.95	83,294.06	80,930.97	94,944.60	102,457.75	110,687.10	114,363.33	116,681.95	121,285.35	128,472.51	132,682.84	133,074.45
1. Gross Statutory Allocation ('gross' means with no deductions; do not include VAT Allocation here)	40,098.32	44,525.67	55,191.82	70,679.67	64,399.02	35,219.46	45,785.30	59,520.89	60,711.31	61,318.43	61,441.06	63,898.70	63,962.60	64,090.53	64,346.89
of which Net Statutory Allocation ('net' means of deductions)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
of which Deductions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Derivation (if applicable to the State)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3. Other FAAC transfers (exchange rate gain, augmentation, others)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. VAT Allocation	8,679.93	9,070.02	10,762.53	12,135.36	13,073.04	13,334.50	13,601.20	13,873.22	14,150.68	14,433.70	14,722.37	15,016.82	15,317.15	15,623.50	15,935.97
5. IGR	2,387.91	3,368.92	3,388.15	5,730.92	4,766.00	10,000.00	12,404.05	13,892.54	15,559.64	17,426.80	19,518.01	21,860.17	24,483.39	27,421.40	30,711.97
6. Capital Receipts	2,753.70	23,182.40	8,255.00	723.00	1,056.00	22,377.00	23,154.05	15,171.10	20,265.46	21,184.42	21,000.50	20,509.65	24,709.36	25,547.41	22,079.62
Grants	650.81	420.10	0.00	723.00	0.00	1,000.00	7,049.40	7,049.40	7,049.40	5,000.00	8,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Sales of Government Assets and Privatization Proceeds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Non-Debt Creating Capital Receipts	334.89	0.00	0.00	0.00	356.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Proceeds from Debt-Creating Borrowings (bond issuance, loan disbursements, etc.)	1,768.00	22,762.30	8,255.00	0.00	700.00	21,377.00	16,104.65	8,121.70	13,216.06	16,184.42	13,000.50	15,509.65	19,709.36	20,547.41	17,079.62
Expenditure	59,019.32	82,219.18	86,017.14	84,160.49	85,018.82	89,000.56	94,944.60	102,457.75	110,687.10	114,363.33	116,681.95	121,285.35	128,472.51	132,682.84	133,074.45
1. Personnel costs (Salaries, Pensions, Civil Servant Social Benefits, other)	32,463.50	29,374.34	30,298.34	30,036.17	30,116.73	29,002.72	30,215.30	32,330.37	34,593.50	37,015.04	37,606.09	40,398.22	41,206.18	42,030.30	42,870.91
2. Overhead costs	12,119.20	13,519.48	14,146.28	13,004.20	16,479.56	15,999.09	16,023.04	17,144.66	18,344.78	19,628.92	19,628.92	20,021.49	20,421.92	20,830.36	21,246.97
3. Interest Payments (Public Debt Charges, including interests deducted from FAAC Allocation)	0.00	0.00	0.00	0.00	0.00	2,492.30	3,674.72	5,249.93	5,770.25	6,374.03	7,212.45	7,330.39	7,714.40	7,623.13	6,717.58
4. Other Recurrent Expenditure (Excluding Personnel Costs, Overhead Costs and Interest Payments)	0.00	3,519.03	4,112.08	0.00	0.00	1,000.00	1,000.00	1,000.00	1,000.00	1,200.00	0.00	0.00	1,800.00	3,000.00	4,000.00
5. Capital Expenditure	14,436.63	35,806.34	37,460.45	41,120.13	38,422.53	31,000.00	34,546.00	34,236.92	34,646.40	35,112.25	35,874.50	36,651.99	40,445.03	42,467.28	43,316.62
6. Amortization (principal) payments	0.00	0.00	0.00	0.00	0.00	9,506.45	9,485.54	12,495.88	16,332.17	15,033.09	16,359.99	16,883.26	16,884.98	16,731.76	14,922.37
Budget Balance ('+' means surplus, '-' means deficit)	-5,099.46	-2,072.17	-8,419.64	5,108.46	-1,724.76	-8,069.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Opening Cash and Bank Balance	1,232.45	4,059.27	5,126.29	11,881.00	5,148.30	8,069.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Closing Cash and Bank Balance	4,059.27	5,126.29	11,881.00	5,148.30	8,069.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	2015	2016	Actuals			Projections (Baseline Scenario)									
			2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Financing Needs and Sources (million NGN)															
Financing Needs						21,377.00	16,104.65	8,121.70	13,216.06	16,184.42	13,000.50	15,509.65	19,709.36	20,547.41	17,079.62
i. Primary balance						-17,447.84	-2,944.40	9,624.10	8,886.36	5,222.71	10,571.94	8,704.00	4,890.02	3,807.48	4,560.32
ii. Debt service						11,998.75	13,160.26	17,745.80	22,102.42	21,407.12	23,572.44	24,213.65	24,599.38	24,354.89	21,639.94
Amortizations						9,506.45	9,485.54	12,495.88	16,332.17	15,033.09	16,359.99	16,883.26	16,884.98	16,731.76	14,922.37
Interests						2,492.30	3,674.72	5,249.93	5,770.25	6,374.03	7,212.45	7,330.39	7,714.40	7,623.13	6,717.58
iii. Financing Needs Other than Amortization Payments (e.g., Variation in Cash and Bank Balances)						-8,069.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Financing Sources						21,377.00	16,104.65	8,121.70	13,216.06	16,184.42	13,000.50	15,509.65	19,709.36	20,547.41	17,079.62
i. Financing Sources Other than Borrowing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
ii. Gross Borrowings						21,377.00	16,104.65	8,121.70	13,216.06	16,184.42	13,000.50	15,509.65	19,709.36	20,547.41	17,079.62
Commercial Bank Loans (maturity 1 to 5 years, including Agric Loans, Infrastructure Loans, and MSMEDF)						12,000.00	12,000.00	7,069.62	12,060.22	10,000.00	11,337.13	10,000.00	9,000.00	9,000.00	10,000.00
Commercial Bank Loans (maturity 6 years or longer, including Agric Loans, Infrastructure Loans, and MSMEDF)						0.00	4,104.65	1,052.08	1,155.84	6,184.42	1,663.37	5,509.65	1,576.21	1,859.42	2,164.92
State Bonds (maturity 1 to 5 years)						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
State Bonds (maturity 6 years or longer)						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Domestic Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
External Financing - Concessional Loans (e.g., World Bank, African Development Bank)						9,377.00	0.00	0.00	0.00	0.00	0.00	0.00	9,133.15	9,687.99	4,914.70
External Financing - Bilateral Loans						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other External Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Residual Financing						0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Debt Stocks and Flows (million NGN)															
Debt (stock)	30,345.12	36,516.92	79,650.69	84,885.31	120,976.46	138,958.31	145,577.42	141,203.25	138,087.14	139,238.47	135,878.98	134,505.37	137,329.75	141,145.40	143,302.66
External	4,556.49	5,587.49	6,909.11	6,625.99	37,590.27	52,962.25	52,866.84	52,761.10	52,503.17	52,200.53	51,828.32	51,463.59	60,232.01	69,133.33	73,247.13
Domestic	25,788.63	30,929.43	72,741.58	78,259.32	83,386.19	85,996.06	92,710.58	88,442.15	85,583.97	87,037.94	84,050.66	83,041.78	77,097.74	72,012.07	70,055.53
Gross borrowing (flow)						21,377.00	16,104.65	8,121.70	13,216.06	16,184.42	13,000.50	15,509.65	19,709.36	20,547.41	17,079.62
External						9,377.00	0.00	0.00	0.00	0.00	0.00	0.00	9,133.15	9,687.99	4,914.70
Domestic						12,000.00	16,104.65	8,121.70	13,216.06	16,184.42	13,000.50	15,509.65	10,576.21	10,859.42	12,164.92
Amortizations (flow)	531.59	13,965.73	3,119.45	12,678.88	9,445.35	9,506.45	9,485.54	12,495.88	16,332.17	15,033.09	16,359.99	16,883.26	16,884.98	16,731.76	14,922.37
External	61.75	79.57	92.58	102.55	55.21	116.32	95.41	105.74	257.93	302.64	372.21	364.73	364.73	786.67	800.90
Domestic	469.84	13,886.17	3,026.87	12,576.33	9,390.13	9,390.13	9,390.13	12,390.13	16,074.24	14,730.45	15,987.79	16,518.52	16,520.25	15,945.10	14,121.46
Interests (flow)	19.43	28.06	1,036.10	2,546.98	2,476.10	2,492.30	3,674.72	5,249.93	5,770.25	6,374.03	7,212.45	7,330.39	7,714.40	7,623.13	6,717.58
External	19.43	28.06	27.34	28.50	14.50	30.69	133.11	135.76	163.57	165.32	163.81	158.48	156.69	259.99	364.58
Domestic	0.00	0.00	1,008.76	2,518.48	2,461.61	2,461.61	3,541.61	5,114.16	5,606.68	6,208.71	7,048.64	7,171.91	7,557.71	7,363.14	6,353.00
Net borrowing (gross borrowing minus amortizations)						11,870.55	6,619.11	-4,374.17	-3,116.11	1,151.32	-3,359.49	-1,373.60	2,824.38	3,815.65	2,157.26
External						9,260.68	-95.41	-105.74	-257.93	-302.64	-372.21	-364.73	8,768.42	8,901.32	4,113.80
Domestic						2,609.87	6,714.52	-4,268.43	-2,858.18	1,453.97	-2,987.28	-1,008.87	-5,944.04	-5,085.67	-1,956.54
Debt and Debr-Service Indicators															
Debt as % of GDP	▼	#DIV/0!	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼
Debt as % of Revenue	58.56	63.64	114.87	95.09	147.11	233.33	184.65	149.68	141.67	141.82	131.05	127.16	126.26	125.87	123.54
Debt Service as % of Revenue	1.06	24.39	5.99	17.06	14.50	20.15	16.69	18.81	22.68	21.80	22.74	22.89	22.62	21.72	18.66
Personnel Cost as % of Revenue	62.65	51.19	43.69	33.65	36.62	48.70	38.32	34.27	35.49	37.70	36.27	38.19	37.89	37.48	36.96
Debt Service as % of Gross FAAC Allocation	1.13	26.11	6.30	18.39	15.39	24.71	22.16	24.18	29.52	28.26	30.95	30.68	31.03	30.55	26.95
Interest as % of Revenue	0.04	0.05	1.49	2.85	3.01	4.18	4.66	5.57	5.92	6.49	6.96	6.93	7.09	6.80	5.79
External Debt Service as % of Revenue	0.16	0.19	0.17	0.15	0.08	0.25	0.29	0.26	0.43	0.48	0.52	0.49	0.48	0.93	1.00

SIGN.....

ADAMU ALHAJI LAWAN

HONOURABLE COMMISSIONER, MINISTRY OF FINANCE, BUDGET & ECONOMIC PLANNING,
MUSA USMAN SECRETARIAT,
PMB1045, MAIDUGURI
BORNO STATE.